

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**Illinois State Medical Insurance Services, Inc.
d/b/a ISMIE Mutual Insurance Company**

Enforcement Case No. 08-5765

NAIC No: 32921

Respondent

_____ /

Issued and entered
on May 11 2009
by **Stephen R. Hilker**
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

It is alleged that the following statements are true and correct:

1. At all pertinent times, Illinois State Medical Insurance Services, Inc., d/b/a ISMIE Mutual Insurance Company, (hereafter "ISMIE"), NAIC No. 32921, was a business entity incorporated in and licensed as a mutual insurance company by the State of Illinois.
2. At all pertinent times, under the direction of the ISMIE Board of Directors, ISMIE's day-to-day activities are overseen by the Illinois State Medical Insurance Services, Inc. (ISMIS), which is a wholly-owned subsidiary of ISMIE Mutual Insurance Company, with its principal place of business located at Twenty North Michigan Avenue, Suite 700, Chicago, Illinois, 60602.
3. The ISMIS Board is comprised of physician policyholders. Through a management agreement, ISMIS manages the underwriting and issuance of insurance policies, the collection and investment of premiums, and the service and administration of the policyholders and their claims.
4. Respondent ISMIE was required to file with the Commissioner of the Office of Financial and Insurance Regulation the Uniform Business Entity Application before engaging in or attempting to engage in the business of making insurance contracts in the State of Michigan.

5. Respondent ISMIE was required to receive a certificate of authority before engaging in or attempting to engage in the business of making insurance contracts in the State of Michigan.
6. The Office of Financial and Insurance Regulation received information that Respondent ISMIE wrote a policy for medical malpractice insurance for [REDACTED], a medical group that included 10 Physicians in [REDACTED] Michigan before the company had applied for or received authorization to conduct business in Michigan.
7. Based upon the actions set forth above and below, Respondent ISMIE may have committed an act that is a ground for denial, suspension, or revocation under Section 402 of the Michigan Insurance Code for failing to obtain a certificate of authority for ISMIE Mutual Insurance Company before engaging in the business of making insurance contracts in the State of Michigan.

COUNT I

8. Respondent ISMIE knew or had reason to know that under Section 402 of the Michigan Insurance Code, that no person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in the State of Michigan except as authorized by a subsisting certificate of authority granted to it by the Commissioner of the Office of Financial and Insurance Regulation pursuant to the Michigan Insurance Code.
9. Respondent ISMIE transacted insurance in the State of Michigan by issuing a medical malpractice insurance policy for 10 physicians in [REDACTED] Michigan, without first having received prior licensing authority by obtaining a subsisting certificate of authority granted by the Commissioner of the Office of Financial and Insurance Regulation.
10. Based upon the above action, Respondent ISMIE has violated Section 402 of the Michigan Insurance Code, by acting as an insurer and issuing an insurance policy in the State of Michigan, without first having obtained a subsisting certificate of authority granted to it by the Commissioner of the Office of Financial and Insurance Regulation.

COUNT II

11. Respondent ISMIE knew or had reason to know that under Section 402a of the Michigan Insurance Code, the following transactions of insurance in the State of Michigan require a certificate of authority:
 - (a) The issuance or delivery of insurance contracts to residents of this state.
 - (b) The solicitation of applications for insurance contracts from residents of this state.
 - (c) The collection of premiums, membership fees, assessments, or other consideration for insurance contracts from residents of this state.
 - (d) The doing or proposing to do any act in substance equivalent to subdivisions (a) - (c).

12. Respondent ISMIE conducted transactions of insurance, as listed in Section 402a of the Michigan Insurance Code, by issuing an insurance policy for 10 physicians in [REDACTED] Michigan and collecting premiums for the policy.
13. Based upon the above action, Respondent ISMIE has violated Section 402a of the Michigan Insurance Code, by issuing an insurance policy for 10 physicians in [REDACTED] Michigan and collecting premiums for the policy.

B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is ORDERED that:

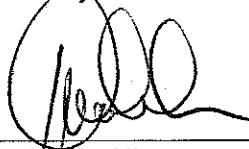
1. Respondent shall continue to operate in such a manner as to comply with Section 402 of the Code, MCL 500.402 and 402a of the Code, MCL 500.402a.
2. Respondent shall pay to the State of Michigan, a civil fine of One Thousand Seven Hundred Fifty Dollars (\$1,750.00.) Upon issuance and entry of this Order, OFIR will send an Invoice to Respondent, and Respondent shall pay the fine by the due date printed on the Invoice.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: Stephen R. Hilker
Stephen R. Hilker
Chief Deputy Commissioner

C. STIPULATION

I have read and understand the consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code. I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. I admit the facts set forth in the above consent order and agree to the entry of this order.

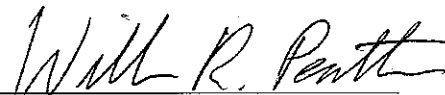


Authorized Representative of Illinois State
Medical Insurance Services, Inc.
d/b/a ISMIE Mutual Insurance Company
NAIC No. 32921

Name/Title COO

Dated: 8 May 09

The OFIR staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.



William R. Peattie
Staff Attorney

Dated: 5/11/09